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IDAHO DEPARTMENT OF HEALTH AND WELFARE

On June 13, 2008, the Legislative Services Office released a Management Report for the Idaho Department of Health and Welfare for fiscal year 2007. The Department was contacted on September 8, 2008, and this report addresses how the Department has responded to the ten findings and recommendations contained in that report.

FINDING #1

Medicaid eligibility data in EPICS is still not reconciled to the Medicaid Automated Information System (AIM).

We recommended that the Department establish procedures to identify and correct errors in the automated records that cause client eligibility to be delayed or not established at all. These procedures should include actively identifying cases each month with characteristics known to cause eligibility errors and documenting the changes made to the client record.

AUDIT FOLLOW-UP

The EPICS to AIM reconciliation process remains a low priority for the Department. There is no documented process or support for the reconciliation, and efforts to correct identified errors are assigned as supplementary work to a temporary employee and individuals with full workloads.

The last completed reconciliation was for a 13-month period and contained 23,240 errors. In the five weeks between running the report and our request, 1,562 errors were corrected, leaving 21,678 in total uncorrected errors. Based on these numbers, we estimate 400 errors and only 300 corrections occur each week, resulting in approximately 100 new errors that will not be corrected.

Additionally, there is no evidence that issues found during the correction of errors will be included in the reconciliation process of the new Idaho Benefit Information Systems (IBIS) to the Medicaid Management Information System (MMIS). There is no established method for ensuring the new system incorporates current system corrections, and no reconciliation process is being designed. When the ineffectiveness of the reconciliation process was highlighted in 2005, the process was discontinued rather than corrected.

Federal sanctions are possible if a reconciliation process is not fully developed, implemented, and incorporated into the new system.

STATUS

OPEN

FINDING #2
The Medicaid program has not coordinated the efforts to recover benefit costs through the child support program as required.

We recommended that the Department continue to pursue birth costs and work to finalize the agreement between the State Medicaid and child support programs that will meet the requirements of federal regulations.

AUDIT FOLLOW-UP
The Department has developed a methodology to properly identify the expenses associated with Medicaid birth cost recovery efforts expended by the child support enforcement unit. This methodology will be sent to the federal grantor for final approval by the end of October 2008.

The Department's goal is to have an acceptable methodology identified, approved, and incorporated into the new cooperative agreement with a retroactive date of July 1, 2008.

STATUS
OPEN

FINDING #3
Medicaid costs are not consistently reconciled to ensure that the appropriate federal reimbursement ratios are used.

We recommended that the Department complete the reconciliation between the federal draw amounts and MMIS total expenditures to ensure that Medicaid costs are drawn using the appropriate federal ratio.

AUDIT FOLLOW-UP
The Division of Management Services completes reconciliations between the MMIS and the supporting documents for the draw of federal funds and maintains the supporting documentation.

STATUS
CLOSED

FINDING #4
Drug rebates are processed by a contractor without adequate oversight by the Department.

We recommended that the Department implement processes to monitor and ensure that federal drug rebate collections are accurate and appropriate.

AUDIT FOLLOW-UP
The Division has designated an employee to oversee the monitoring process. The process includes sampling drug rebate amounts to ensure they are properly calculated and remitted.

STATUS
CLOSED

FINDING #5
Medicaid repayment agreements are inconsistently processed and not always established in the accounts receivable system.

We recommended that the Department establish a process to evaluate the reasonableness of repayment plans and to ensure that all plans are properly recorded in the accounts receivable system.

AUDIT FOLLOW-UP
The Department established a work group that developed a draft payment schedule for use in negotiating and standardizing repayment agreements, as well as procedures for its use. The draft schedule bases the monthly payment amounts on household income and family size. This procedure and payment schedule is currently under review by the Division of Management Services.

The Central Receipting Unit now records the terms of each repayment agreement in the accounts receivable record to ensure that all payments are distributed correctly.

STATUS
CLOSED

FINDING #6
CHIP-B premiums were not billed for the first 17 months of the program.

We recommended that the Department bill for all required premiums and pursue any unbilled and unpaid premium amounts from clients.

AUDIT FOLLOW-UP
The Department asserts that this issue has been resolved and currently bills for all required premiums and pursues unpaid premium amounts from clients. The Department concluded that uncollected premiums during the first 17 months of the program are not recoverable.

STATUS
CLOSED

FINDING #7
Records are not created in the accounts receivable system for all CHIP-B cases tested.

We recommended that the Department analyze the interface process used to create accounts receivable records for CHIP-B premiums to identify the cause for any omitted records. We also recommended that the Department complete a monthly reconciliation between the eligibility and accounts receivable systems to ensure that all records are properly created, and to bill and pursue any unpaid premiums.

AUDIT FOLLOW-UP
The Department established a monthly reconciliation process in March 2008 and then discontinued it in May 2008. The development of a new edit within the system to "catch" the errors was intended to replace the reconciliation process. However, no follow-up reconciliation or other documentation was provided to ensure that the edit check actually corrected the errors and that no additional errors have occurred.

STATUS
OPEN

FINDING #8

Costs for services to ineligible clients are still charged to the Child Support Grant.

We recommended that the Department exclude costs from the federal grant for child support cases when the client is not eligible for services. We also recommended that the Department resolve the fiscal year 2006 and 2007 questioned costs with the federal grantor and determine whether adjustments for prior year claims are required.

AUDIT FOLLOW-UP

The Department changed the allocation process so that costs incurred for ineligible Receipting Services Only (RSO) cases are not charged to the federal Child Support Grant. The new process utilizes a transaction based methodology to appropriately allocate processing and casework costs between federal child support eligible cases and RSO cases. The Department made an adjustment for overcharges based on the prior allocation method from fiscal years 2005-2008. However, all charges not allowable under the Child Support Grant were moved to the Federal Temporary Assistance for Needy Families (TANF) Grant, which was not included in the methodology the Department submitted for review. Although this action resolves this recommendation, we believe these costs are not allowable to the TANF Grant as discussed in Finding #9.

STATUS
CLOSED

FINDING #9

TANF funds are improperly used for child support receipting costs.

We recommended that the Department discontinue charging the costs of child support receipting activities to the TANF Grant.

AUDIT FOLLOW-UP

As part of the corrective action plan for Finding #8, the Department recalculated the costs attributed to ineligible RSO cases. The new allocation process reduced the allocable RSO case costs from 15% to 3% of total child support processing costs. At that time, the Department indicated a credit to both the federal Child Support Grant and the TANF Grant would be completed for overcharges stemming from the incorrect allocation during fiscal years 2005-2008. The overcharge to TANF was calculated and credited at $925,192. However, after completing that credit, the Department moved an additional $1.1 million from the Child Support Grant to the TANF Grant. There is no support that these additional charges reasonably meet any of the objectives of the TANF Grant, or that they are in compliance with prior federal guidance provided in the ACF 2000 agreement that allowed federal TANF funds to be used for a specific portion of Child Support Grant costs. The Department also began charging 100% of RSO costs to the TANF Grant in March 2008.

We are concerned that shifting 100% of RSO costs from the Child Support Grant to the TANF Grant may be perceived by the grantor as an intentional misuse of TANF funds. If the State is penalized for this, the annual TANF Grant award may be reduced by 5%. The State may incur an additional 2% penalty for failure to replace a repayment amount with State funds. If these penalties are assessed, the State could lose about $1.5 million in federal TANF funds. The TANF program is intended to assist needy families, and we believe the use of TANF funds for State RSO costs undermines that purpose.

STATUS
OPEN

FINDING #10
Foster care training costs are incorrectly allocated to the TANF Grant.

We recommended that the Department analyze the cost of foster care services and benefits provided both by the TANF emergency assistance and the foster care programs, and allocate training costs in proportion to those activities.

AUDIT FOLLOW-UP
The FACS Division will discontinue the use of TANF funds to train foster parents, as embodied in the PRIDE training program, effective for training activities on or after October 1, 2008.

Additionally, the Department is planning to hire a consultant to maximize federal reimbursement and discuss allocation of these training costs. This finding will remain open to allow additional follow-up on the results of these efforts.

STATUS
OPEN